

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of  
Thursday, April 26, 2018

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Roberts, Commissioner Huebsch and Commissioner Zipperer.

**Minutes**

The Commission approved the minutes of the open meeting of Thursday, April 12, 2018.

**6630-FR-2017 – Application of Wisconsin Electric Power Company for Reconciliation of Actual Fuel Costs to the Authorized 2017 Fuel Cost Plan**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

**6680-UR-121 – Application of Wisconsin Power and Light Company for Authority to Adjust Electric and Natural Gas Rates**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

**6690-EA-191 – Application of Wisconsin Public Service Corporation, as an Electric Public Utility, for Authority to Abandon and Remove Approximately 2,300 Circuit Feet of Single-Phase, Overhead Electric Distribution Line in the Town of Somo, Lincoln County, Wisconsin**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

**2110-CW-100 – Application of the Village of Frederic, as a Water Public Utility, for Authority to Construct a Non-Routine Automated Meter Reading (AMR) System, in the Village of Frederic, Polk County, Wisconsin**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

**5650-CW-102 – Application of the Village of Spring Valley, as a Water Public Utility, for Authority to Construct Municipal Well No. 4, in the Village of Spring Valley, Pierce County, Wisconsin**

The Commission approved the Notice of Investigation and directed it to be signed by the Secretary to the Commission.

**3180-PFP-100 – Application of the Village of Lomira, Dodge County, Wisconsin, as a Water Public Utility, for Authority to Change its Method of Cost Recovery for Providing Public Fire Protection Service**

The Commission approved the Notice of Proceeding and directed it to be signed by the Secretary to the Commission.

**4490-WR-103 – Application of Osseo Municipal Water and Sewer Utility, Trempealeau County, Wisconsin, for Authority to Increase Water Rates**

The Commission approved the Notice of Proceeding and directed it to be signed by the Secretary to the Commission.

**5-AG-111 – Joint Application of Wisconsin Gas LLC and Wisconsin Electric Power Company for Approval of an Affiliated Interest Agreement in Conjunction with the Brookfield Capacity Improvement Project**

The Commission approved the affiliated interest agreement between Wisconsin Gas LLC and Wisconsin Electric Power Company subject to the standard conditions outlined in the Commission memorandum of April 9, 2018.

The Commission directed the Division of Energy Regulation to draft an order consistent with its decision.

**5-TK-118 – Tracking of Non-Docket Delegated Items for 2018 Delegation of New Secretary of the Commission**

The Commission modified Delegated Item #99 to designate Steffany Powell Coker as Secretary to the Commission.

**5820-AG-100 – Application for Approval of an Affiliated Interest Agreement Between Superior Water, Light and Power Company and South Shore Energy, LLC, for a Development Agreement by which Superior Water, Light and Power Company would Perform Services Related to a Proposed Natural Gas Pipeline in Superior, Wisconsin**

The Commission approved, subject to the standard conditions outlined in the Commission memorandum dated April 5, 2018, the affiliated interest agreement between Superior Water, Light and Power Company and South Shore Energy, LLC, by which Superior Water, Light and Power Company would perform services related to a proposed natural gas pipeline.

The Commission directed the Division of Energy Regulation to draft an order consistent with its decision.

**3720-CC-214383 – Request for Formal Review of Complaint Filed by Jeff Szymanski against Milwaukee Water Works**

The Commission denied Mr. Jeff Szymanski's request for a formal review of his complaint against Milwaukee Water Works, in which he disputes a late fee and a non-sufficient funds fee assessed by Milwaukee Water Works.

The Commission directed the Division of Water, Telecommunications and Consumer Affairs to draft an order consistent with its discussion.

**1-IC-507 – Application for Intervenor Compensation filed by Citizens Utility Board to Participate in Docket 5-UR-108**

**1-IC-508 – Application for Intervenor Compensation filed by Citizens Utility Board to Participate in Docket 6690-UR-125**

The Commission approved the request of the Citizens Utility Board of Wisconsin for \$15,464 in supplemental intervenor compensation for participation in dockets 5-UR-108 and 6690-UR-125, consisting of an approval to reallocate \$8,250 in intervenor compensation previously awarded for the work of Resource Insight to Pines Bach and approval of an additional \$7,214 in supplemental intervenor compensation for the work of Pines Bach.

The Commission directed the Division and Business and Program Management to draft an order consistent with its discussion.

**5-AF-101 – Accounting Treatment of the Impacts Resulting from the Passage of the 2017 Tax Reform Bill H.R.1**

The Commission discussed and made the following preliminary determinations relating to the impact of 2017 H.R. 1, the *Tax Cuts and Jobs Act*.

1. The Wisconsin investor-owned utilities (IOUs) are directed to work with Commission staff to evaluate the impacts of the balance sheet component. (Alternative One, p. 11.) In addition, see number 2 for additional terms as it relates to the WEC Utilities' handling of the savings from the balance sheet component.
2. Modified and accepted the proposal of the WEC Utilities:
  - a. Use 20 percent of the Wisconsin Electric Power Company-electric's (WEPCO) estimated annual savings of the income statement component (estimated \$59 million) per year for a bill credit in 2018 and 2019, and apply the remaining 80 percent of the estimated annual savings from the income statement component

to WEPCO-electric's transmission escrow in 2018 and 2019. WEPCO-electric shall defer the transmission escrow savings balance carrying costs to be addressed in a future rate case. When applying these savings to the transmission escrow, the savings are to be first applied to the "old" transmission escrow balances and then to the "new" balances.

- b. Use 20 percent of the Wisconsin Public Service Company-electric's (WPSC) estimated annual savings of the income statement component (estimated \$28 million) per year for a bill credit in 2018 and 2019, and apply the remaining 80 percent of the estimated annual savings from the income statement component to WPSC-electric's Crane Creek and DePere Energy Center deferrals, with any remaining to the Fox Energy deferral. WPSC-electric shall defer the Crane Creek, DePere, and Fox Energy (if applicable) escrow savings balance carrying costs and amortization expenses to be addressed in a future rate case.
  - c. Apply the estimated savings in the annual normalized amortization of the excess deferred income taxes (balance sheet component) for WEPCO-electric (estimated \$18 million) to the transmission escrow and for WPSC-electric (estimated \$4 million) apply to Crane Creek, DePere, and any remaining (if applicable) deferrals. When applying these savings to the WEPCO-electric transmission escrow, the savings are to be first applied to the "old" transmission escrow balances and then to the "new" balances.
  - d. Apply the WEPCO-electric's estimated \$20 million in the annual transmission cost savings to the transmission escrow in 2018 and 2019. When applying these savings to the WEPCO-electric transmission escrow, the savings are to be first applied to the "old" transmission escrow balances and then to the "new" balances.
  - e. Apply WEPCO-electric's estimated \$45 million in annual savings, associated with the PTF lease, to the PTF escrow.
  - f. The calculation of these amounts shall be subject to true-up, review and audit by Commission staff and intervenors, in a manner similar to the procedure used in the fuel reconciliation proceedings.
3. As North Central Power Company, Inc. (North Central), is currently in for a rate case for the 2018 test year, the income statement component savings and the balance sheet

component savings (if any) shall be addressed in that case. North Central shall continue to defer these savings until resolution of that case.

4. Except as set forth in Number 3, the IOUs shall issue a bill credit for the income statement component savings as follows:
  - a. For the smaller utilities (City Gas Company, Consolidated Water Power Company, Dahlberg Light and Power Company, Midwest Natural Gas, Inc., Northwestern Electric Power Company, Pioneer Power and Light Company, St. Croix Gas Company, Inc., and Westfield Milling and Electric Light Company), the bill credit shall be based upon 100 percent of Commission staff's estimate of the first half of the annual reduction in the revenue requirement as a one-time bill credit on the July 2018 bill, and also direct a monthly bill credit beginning in August 2018 of 1/12 of the estimated annual amount to be returned to ratepayers, subject to true-up in this docket or in future rate case.
  - b. For Madison Gas and Electric Company, Wisconsin Power and Light Company, Superior Water, Light and Power Company, Wisconsin Gas, Northern States Power Company-Wisconsin, WEPCO gas and steam utilities, and WPSC-gas utilities, the bill credit shall be based upon 100 percent of the utility's estimate of the first half of the annual reduction in the revenue requirement as a one-time bill credit on the July 2018 bill, and also direct a monthly bill credit beginning in August 2018 of 1/12 of the estimated annual amount to be returned to ratepayers, subject to true-up in this docket or in future rate case.
  - c. For WEPCO-electric and WPSC-electric pursuant to 2.a and b above, the bill credit shall be based 20 percent of the utility's estimates for the first half of the annual reduction in the revenue requirement as a one-time bill credit on the July 2018 bill, and also direct a monthly bill credit beginning in August 2018 of 1/12 of the estimated annual amount to be returned to ratepayers, subject to true-up in this docket or in future rate case.
  - d. The calculation of these amounts shall be subject to true-up, review and audit by Commission staff and intervenors. If the true-up occurs in this docket, then the calculations shall be subject to review and audit by Commission staff and intervenors in a manner similar to the procedure used in the fuel reconciliation proceedings. If the true-up occurs in a rate case, then the calculations shall be subject to review and audit in the context of that rate case.

5. Allocate the refund to the rate class in the same manner as the IOUs collected the income taxes in rates.
6. For 2018, the lump sum credit to be returned on the July 2018 bill will be calculated using the same modified methodology for the fuel reconciliations. The lump sum credit will be based on the number of customers in each rate class. Thereafter, the refund will be provided based on a volumetric basis.
7. For Westfield, to the extent a waiver of Wis. Admin. Code § PSC 110.02(1) is required to effectuate the implementation of Number 6, it is granted.
8. For any income statement component savings or balance sheet component savings that are not otherwise addressed in this decision, the IOUs are directed to continue deferrals.
9. No carrying costs shall accrue on the balance sheet component savings. For the income statement component savings, carrying costs effective as of January 1, 2018 shall accrue at the short-term debt rate which shall be determined for each utility in this priority: the utility's last rate case (if it included a short-term debt rate), or the utility's most recently Commission authorized short-term debt issuance, or if neither exist, then at the short-term debt rate effective as of January 1, 2018.
10. Numbers 1-9 are preliminary determinations and subject to refinement in a final written order.

The Commission directed the Division of Energy Regulation to draft an order consistent with its Discussion. The order shall be returned to the Commission for final review and approval.

The Commission adjourned the meeting at 1:40 p.m.



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Steffany Powell Coker  
Secretary to the Commission